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February 25, 2003

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By Hand

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Marlene H. Dortch
Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20054

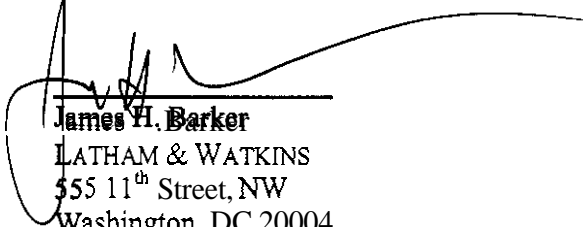
Re: Ex Parte Notice – Carriage of Digital Television Broadcast Signals (CS Docket No. 98-120); Implementation of the Satellite Home Viewer Act of 1999: Local Broadcast Signal Carriage Issues (CS Docket No. 00-96)

Dear Ms. Dortch

In accordance with Section 1.1206 of the Commission's Rules, 47 C.F.R. § 1.1206, DIRECTV, Inc. ("DIRECTV") submits this letter to report that on Tuesday, February 25, 2003, David Baylor and Stevie Pyon of DIRECTV and the undersigned met with Ben Bartolome, Paul Gallant, Eloise Gore, William Johnson, Deborah Klein, Michael Lance, Ronald Parver, and John Wong of the Media Bureau; and Rosalee Chiara, John Martin, and Robert Nelson of the International Bureau. The substance of DIRECTV's presentation is reflected in the attached slides.

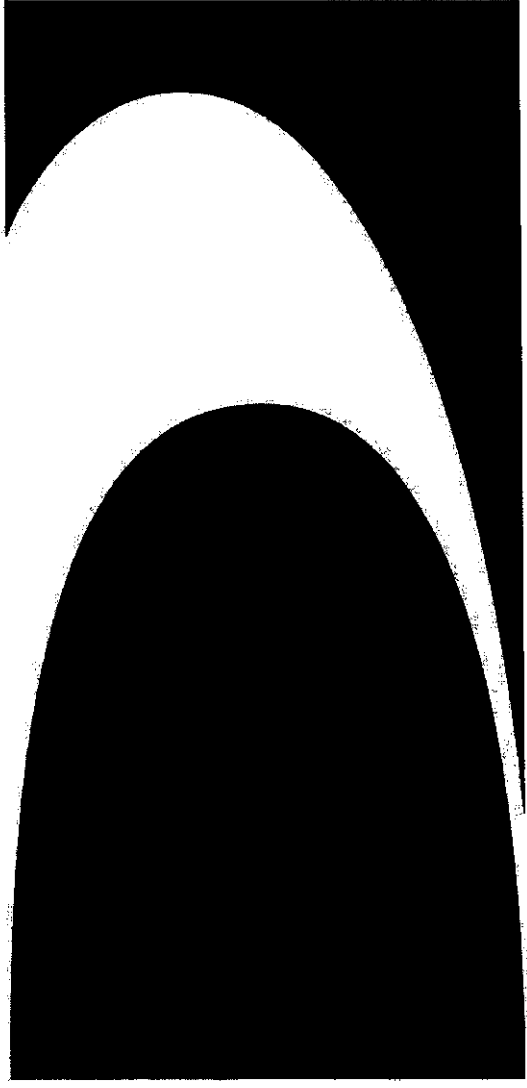
An original and one copy of this *ex parte* notice is being filed with the Commission. If you have any questions concerning this notice, please do not hesitate to contact the undersigned.

Respectfully submitted,


James H. Barker

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Counsel for DIRECTV, Inc.



DIRECTV[®]

**HD MUST CARRY
FCC PRESENTATION**

DIRECTV Local Channel Market Coverage



- DIRECTV was the first multi-channel video programming distributor to broadcast in digital format.
- As of January **2003**, DIRECTV offers local channel service in **52** local broadcast television markets (consisting of **532** channels).
- By the summer of **2003**, DIRECTV plans to expand local channel service coverage to 61 local broadcast television markets (consisting of approximately 600 channels).
- By December **2003**, DIRECTV plans to provide local channel service to **100** local broadcast television markets (consisting of over 850 channels).
- This represents local channel service to approximately 85% of television households in the United States.

Implications of Full ATSC Must Carry on DIRECTV's DBS Business



- Mandating digital must carry with format and multi-casting obligations ("Full ATSC Must Carry") would dramatically limit DIRECTV's ability to continue providing local channel service in the markets where such service is currently offered, and would preclude entirely DIRECTV's goal of rolling out a total of **100** local broadcast television markets by December 2003.
- Indeed, if satellite Full ATSC Must Carry is ordered, DIRECTV would be able to offer local channel service to only one average-sized city in the United States.

Legal and Policy Issues



- Congress and the Commission allowed for differences between cable and satellite must carry rules (satellite rules must be “comparable” not identical (see 47 U.S.C. 338(g)).
- There is no explicit digital must carry obligations for satellite carriers, unlike for cable operators. (See 47 U.S.C. 534(b)(4)(B).)
- Full ATSC Must Carry would undermine Congress’s intent to foster increased availability of satellite delivered local broadcast television channels.
- Other legal and constitutional implications.

DIRECTV Satellite Fleet and Frequency Capacity at December 2003



- DIRECTV has a total of 5 CONUS satellites and 1 spot beam satellite, deployed within the geo-stationary orbital space. DIRECTV will add 1 more spot beam satellite (DIRECTV 7S) in December **2003**.
- DIRECTV has a total of **46** frequencies (**32** at **101° W.L.**, **3** at **110° W.L.**, and **11** at **119° W.L.**).
- With the launch of DIRECTV 7S, **36** DBS frequencies will be used for CONUS coverage and **10** frequencies will be used for spot beam coverage (resulting in 81 spot beams), capable of covering **100** local broadcast television markets.

Technical Issues



- The imposition of full ATSC signal carriage by satellite providers would result in a dramatic reduction of local channel availability and would reduce **DIRECTV's** availability to deliver additional HD local channels due to the spectrum and technical limitations of DBS.
- Full carriage of ATSC signals imposes enormous technical burdens on DBS, which do not exist for cable.
- HD bandwidth consumption effectively undermines the ability of DBS to provide satellite-delivered local channels on a wide-scale basis.

Bandwith Consumption of HD Programming



- The bandwidth consumption of HD programming results in the reduction or elimination of satellite local channel service if satellite mandatory carriage obligations are expanded to require full HD broadcast signal carriage.
- Standard Definition = typically 12 channels per transponder.
- High Definition = 1 channel per transponder.
- Current spot beam satellites provide only 1 or 2 spot beam transponders per city.

DIRECTV Transponder Bandwidth



- DIRECTV bandwidth availability per transponder:
23.5 Mbps for low (**2/3**) FEC rate
30.3 Mbps for high (**6/7**) FEC rate
- Currently, DIRECTV typically carries **12** SD channels in a **30.3** Mbps transponder, allowing local channels from one city to be covered by one transponder.
- Currently, DIRECTV carries **1** HD channel per transponder (**@ 19.39** Mbps). A typical city has **12** channels and therefore DIRECTV would require 12 transponders to carry all local channels in HD for an average city.

Full ATSC Carriage Implications



- Current spot beam satellites would be rendered useless in rolling out HD local channels as they provide only 1 or 2 spot beam transponders per city.
- If DIRECTV reallocated the 13 DBS frequencies currently used for local channel service (3 CONUS and 10 spot beams) in order to carry local HD channels, DIRECTV would be able to provide local channel service to only one average sized city in the United States.
- The bandwidth consumption of HD would result in a reduction or elimination of local broadcast television service, which would be detrimental to public policy.

DIRECTV HD PROGRAMMING



- DIRECTV led the MVPD industry offering nationally distributed HD programming channels beginning in November 1998.
- DIRECTV has been a front runner in expanding both local channel availability and nationally distributed HD programming, including:
 - HBOHD
 - HD Net
 - Showtime HD
 - 24 Hour HD PPV Movie Channel

DIRECTV HD Set Top Box



- **Several HD set top box (“STB”) models are available from various manufacturers (e.g., HNS, RCA, Samsung, Sony, and Zenith)**
- **Standard HD STB**
 - Built-in **ATSC** and **NTSC** tuner to accommodate both digital and analog transmissions
 - Supports off-air **ATSC** local channels integrated into the electronic program guide
 - Requires off-air antenna for **ATSC** local channels
 - Off-air **ATSC** local channels are received in all digital quality
 - Supports analog and digital video outputs
- **Proposed HD DVR Model**
 - **ATSC** and satellite tuners
 - Supports **ATSC** similar to current HD **STBs**
 - Supports analog and digital video outputs (DVI with HDCP)
 - Hard drive for PVR functions (satellite or **ATSC**)

CONCLUSIONS



- DIRECTV already is spearheading the digital and HD revolution.
- The FCC can support these efforts by not imposing crippling regulations mandating Full ATSC Must Carry on DBS.
- If carriage of full ATSC signals is mandated, the carriage of local broadcast channels by DIRECTV would shrink from 100 cities to 1 city.
- Even assuming (1) the successful implementation of advances in technology (such as Advanced Modulation and MPEG-4); (2) a complete replacement of more than 18 million DIRECTV STBs in existence today; and (3) the addition of several new spot beam satellites, DIRECTV could only serve approximately 15 of its proposed 100 local channel markets.